

No. 40.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office, Auckland,
7th May, 1864.

SIR,—

I have the honor to inform you that His Excellency the Governor has assented to the "Appropriation Ordinance, No. 3, 1864," and I enclose a duplicate copy in the usual manner.

The Government have felt great difficulty in advising His Excellency to give his assent to this Bill, and they have only done so from unwillingness to cause the great inconvenience arising from withholding assent from an Appropriation Ordinance, especially as the Governor was advised not to assent to that passed in the previous session of the Council.

But it must at the same time be distinctly understood that this Government entirely disapproves of the Estimates of Revenue and Expenditure upon which the Ordinance is founded.

Taking alone the last item in the Estimate of Revenue, this Government cannot understand upon what principle a sum of £23,947 3s. 11d. proposed to be raised by loan under the authority of an Ordinance not yet passed, is treated as Revenue. And on the other hand this Government cannot but deem the proposed authorised expenditure as altogether unjustifiable in the present financial position of the Province of Southland.

This Government trusts that the Provincial Government of Southland will see the impropriety of involving the Province in further financial embarrassments by entering on works of which they have not the funds to defray the cost, and that they will endeavour to retrieve the position of the Province by carrying on the necessary establishments of the Government with the greatest practicable economy.

I have, &c.,

WILLIAM FOX,
Colonial Secretary.

His Honor the Superintendent,
Southland.

No 41.

THE COLONIAL SECRETARY TO THE SUPERINTENDENT, SOUTHLAND.

Colonial Secretary's Office,
Auckland, 7th May, 1864.

SIR,—

I have to inform your Honor that the Government has had under its most anxious consideration the financial position of the Province of Southland, and I have now to communicate to you its views thereon, and the decision arrived at as to the Loan Bill for £120,000, transmitted by you for the Governor's assent in your letter of the 5th of March last; and the "Invercargill Town Boards Ordinance, 1863, Amendment Ordinance," enclosed in another letter of the same date.

It appears that since March, 1863, the amount of money authorized to be raised by loan for the Province of Southland, has been £250,000; and that a promise has been made that a further Loan Bill for £40,000 will be recommended for the Governor's assent, if the Land proposed to be set apart by the Provincial Government as security shall be reported by the Receiver of Land Revenue to be sufficient. The Public Debt of the Province incurred since March, 1863, may therefore be taken to be £290,000, bearing interest at 6 per cent., with a sinking fund of 2 per cent., involving an annual charge of £23,200. It is true that this sum will have been invested in Railways, which may be calculated to be reproductive; but it cannot be expected that—at least for some time—the Railway income will more than meet the working expenses, thus leaving a large annual sum for the present to be met out of the ordinary Revenue of the Province.

It is now proposed to raise two further sums; one by a Loan Bill for £120,000, and another by a Loan Bill for £25,000; for although the latter sum is professedly for the Town of Invercargill, it is charged on the Provincial Revenue, and must therefore fairly be placed in the same category as the other, and considered as a liability of the Province. If these two sums were raised the public debt—before referred to—of the Province would amount to the large sum of £435,000, with an annual charge of £34,800: a debt sought by the Provincial Government to be incurred and spent in little more than one year.

With regard to the Loan Bill for £25,000, that may be disposed of at once. The money is proposed to be raised to be expended on Public Works; and it is clear that in the present financial difficulty of the Provinces it would not be prudent or right to add this burthen to those already existing. His Excellency, therefore, has been advised to withhold his assent to that Bill.

As to the proposed Loan for £120,000, there is more difficulty, as it appears that the money is required to pay off a debt due to a Bank for advances made. It is quite clear, of course, that this debt must be paid, and the only question is—by what means? The Provincial Government proposes a Loan, and offers no alternative. This Government very much regrets that it cannot take the same view, and has already arrived at the conclusion that the only legitimate and prudent way of meeting the present financial difficulty is by a careful management of the resources of the Province, and prudent